

## Message Text

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ACTION EB-11

INFO OCT-01 ISO-00 IO-14 AF-10 ARA-16 EA-11 EUR-25 NEA-10

RSC-01 AID-20 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

TRSE-00 XMB-07 OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01

OMB-01 NSC-10 SS-20 STR-08 CEA-02 INT-08 SCEM-02

SAJ-01 ACDA-19 DODE-00 PM-07 H-03 L-03 PA-04 PRS-01

USIA-15 DRC-01 /267 W

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P R 301818Z NOV 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 5979

INFO USINT ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USINT CAIRO

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEL AVIV

AMEMBASSY TRIPOLI

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

USMISSION USUN NEW YORK

UNCLAS LONDON 14041

E.O. 11652: N/A

TAGS: ENER, PFOR, SA, AG, XG, XF, UK

SUBJECT: YAMANI AND ABDESSALAM LONDON PRESS CONFER-

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ENCE ON OIL

1. SAUDI ARABIAN OIL MINISTER SHAIKH ZAKI YAMANI, ASSISTED AT TIMES BY ALGERIAN MINISTER OF ENERGY BELAID ABDESSALAM, GAVE LARGE PRESS CONFERENCE IN LONDON AFTERNOON NOVEMBER 29. REFERRING TO DISCUSSIONS EARLIER THAT DAY WITH PM HEATH, FONSEC DOUGLAS-HOME, AND OTHER HIGH BRITISH OFFICIALS, YAMANI SAID HE HAD ASSURED BRITISH GOVERNMENT UK WOULD RECEIVE OIL AT LEVEL EQUAL TO THE AVERAGE FOR FIRST NINE MONTHS OF 1973, OR AT THE SEPTEMBER LEVEL, WHICHEVER WAS THE HIGHEST. HE ADDED THAT FRIENDLY COUNTRIES SUCH AS BRITAIN, FRANCE AND SPAIN WOULD BE EXEMPT FROM FURTHER 5 PER CENT CUT PLANNED FOR JANUARY.

2. YAMANI CONFIRMED THAT ARABS LINK CUTBACK OF OIL SUPPLIES TO EUROPE WITH ISRAELI OCCUPATION OF ARAB TERRITORY. ONCE ISRAELIS ACCEPTED WITHDRAWAL TO 1967 LINES, OIL PRODUCERS WOULD INCREASE PRODUCTION GRADUALLY IN CORRESPONDING STAGES BACK TO SEPTEMBER LEVEL.

3. HOWEVER, SEVERAL PAPERS REPORT THAT YAMANI TIED INCREASES BEYOND SEPTEMBER LEVEL TO A FULL SETTLEMENT, ESPECIALLY OF THE PALESTINIAN PROBLEM, AND ALSO IMPLIED PRICE LEVELS AND EXACT PRODUCTION INCREASES WOULD BE WIDE OPEN TO FURTHER NEGOTIATIONS BETWEEN PRODUCERS AND OIL COMPANIES. HE REPORTEDLY SPOKE OF A SELLERS' MARKET IN OIL, AND THE WORLD HAVING TO LIVE WITH CONSEQUENCES OF THAT FOR A LONG TIME IN THE FUTURE.

4. ALL PAPERS NOTE YAMANI'S CONCILIATORY TONE AND HIS EMPHASIS ON ARAB SADNESS AT HAVING TO APPLY PAINFUL OIL WEAPON IN ORDER TO WIN BACK ARAB TERRITORY ACCORDING TO PRINCIPLES OF INTERNATIONAL JUSTICE. HE CONFIRMED PRESENT SAUDI PRODUCTION IS SLIGHTLY UNDER 6.2 MILLION BARRELS PER DAY, AND LEFT OPEN THE ISSUE OF WHAT WOULD HAPPEN WITH FURTHER CUTBACKS SHOULD NEGOTIATIONS DRAG ON FOR A LONG TIME.

5. YAMANI REPORTEDLY WARNED THAT ARABS WOULD NOT COUNTENANCE ANY RESHIPMENT OF OIL TO THE EMBARGOED COUNTRIES. SHOULD ARABS DISCOVER THAT OIL COMPANIES WERE HELPING

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DUTCH WITH THEIR TROUBLES, ARABS WOULD REGARD THIS AS A VERY SERIOUS MATTER.

6. FINALLY, YAMANI HAD A FEW GOOD WORDS FOR U.S. HE SAID HE PERCEIVED A CHANGE IN THE U.S. ATTITUDE TOWARD ARAB-ISRAELI DISPUTE, JUDGING IN PARTICULAR FROM SECRETARY KISSINGER'S STATEMENT IN PEKING. HE ADDED THAT HE DID NOT ATTRIBUTE THIS CHANGE TO THE OIL EMBARGO AND

HOPED IT DERIVED FROM A NEW FEELING OF JUSTICE AND  
EQUITY IN THE U.S. GOVERNMENT.

7. WHILE REPORTING PRESS CONFERENCE EXTENSIVELY, MOST  
MAJOR LONDON PAPERS NOTE THAT, DESPITE YAMANI'S ASSUR-  
ANCES THAT BRITAIN WILL NOT SUFFER AS A RESULT OF OIL  
CUTS, HIS STATEMENTS INDICATE THERE WILL STILL BE A  
SHORT-FALL OF ABOUT 20 PER CENT OR SO IN OIL AVAILABLE  
TO BRITAIN. THIS SHORT-FALL IS BASED ON A COMBINATION  
OF INABILITY FULLY TO REPLACE OIL PREVIOUSLY COMING FROM  
ROTTERDAM, PLUS ABSENCE OF INCREASE BEYOND SEPTEMBER  
1973 LEVEL, DESPITE WELL-DOCUMENTED BRITISH NEED FOR  
ADDITIONAL OIL DURING WINTER MONTHS. SOME PAPERS CAR-  
RIED AMUSING ARTICLES POKING SOME FUN AT POMPOUS SPEC-  
TACLE PRESENTED BY CEREMONIAL RECEPTION ACCORDED ARAB  
OIL MAGNATES BY BRITISH GOVERNMENT.

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## Message Attributes

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**Decaption Date:** 01 JAN 1960  
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